

Doctors hospital emerges from bankruptcy

By Todd Perlman West County Times

Article Launched: 08/14/2008 12:02:21 PM PDT

Doctors Medical Center San Pablo can now turn its attention to patient care.

The West Contra Costa Healthcare District, which operates Doctors, will emerge from bankruptcy Monday by order of federal bankruptcy court in Oakland. The court Thursday officially accepted the health care district's plan to climb out of Chapter 9 protection, almost two years after the hospital nearly closed its doors.

"It's a huge weight taken off our backs in the sense of when you're in bankruptcy, you lose a lot of flexibility, and a lot of our concentration is on finances," Doctors hospital CEO Joe Stewart, who was named to the post permanently last month after serving on an interim basis since summer 2007, said Thursday afternoon.

"I think this is truly a chance for us to get back to serving this community and building up this hospital, not just making sure it doesn't sink."

The health care district filed for bankruptcy protection in October 2006 and submitted its debt plan in April. The court's order Thursday solidifies the debt plan, which calls for vendors, suppliers and other creditors with unsecured claims to receive about 40 cents on the dollar during a four-year period. The plan takes effect Monday.

At the time of the bankruptcy filing, the emergency room was diverting 911-call ambulances to other hospitals, and the facility was just days from shutting down entirely. Later that month, officials put together a rescue package that turned a \$10 million county advance into a \$20 million cash infusion with the help of matching funds.

Since then, the hospital has put itself under the oversight of the joint powers Doctors Medical Center Management Authority; brought in consultants who developed a long-term business plan; negotiated a three-year agreement with its nurses union as well as other labor contracts; and reduced what was a \$30 million-a-year structural deficit to near zero with the help of grants, cost reductions and efficiency improvements.

Additionally, Kaiser Permanente gave Doctors a grant of \$12 million over three years, and John Muir Health gave \$3 million, both citing the hospital's crucial role in the region's public health. The California Medical Assistance Commission granted Doctors \$12 million a year for three years in December.

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"I think it's a great accomplishment that we've been able to save an important emergency room and health facility in West County," said Contra Costa Supervisor John Gioia, board chairman of the joint powers agency between the county and health care district.

Notably, Gioia said, officials pulled off the feat without going to voters for a tax increase.

The debt plan adopted by the court Thursday establishes the Doctors Medical Center Trust, which will be administered by San Francisco-based Uecker & Associates. In simplest terms, the health care district puts money into the trust, and Uecker, as the trustee, administers the funds. "For bankruptcy court to approve the plan, the court must believe the plan can be implemented," Gioia said.

There's still work to be done at Doctors, but the feeling among officials is that patient care, not finances, can take center stage.

Emerging from bankruptcy and appointing a new CEO — Stewart — will allow the hospital to attract more qualified top management, Gioia said. The joint powers agency will work with Stewart to find a new chief financial officer, chief operating officer and chief nursing officer, Gioia said. That could happen by October.

Stewart said the hospital's immediate attention will turn to its cancer and heart programs, including installing new equipment and expanding the radiology and oncology programs.

"We feel we're serving our community well there," he said. "We want to put 100 percent attention on improving the patient experience."

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